



Agenda Item Number: 2006-5-12A

BERNALILLO COUNTY BOARD OF COUNTY COMMISSIONERS

Meeting Date: May 23, 2006

Department: County Manager Staff **Contact:** Thaddeus Lucero, County Manager
Dan Mayfield, Deputy County Manager Finance
Tim West, Deputy County Manager, Public Works
John Dantis, Deputy County Manager, Public Safety
Julie Baca, Deputy County Manager, Community Services

TITLE: Biennial Budget Plan for FY2007 and FY2008

ACTION: Presentation and Discussion of the 2007 and 2008 Proposed Biennial Budget

SUMMARY:

Presented for Bernalillo County Commission discussion is the Proposed Bernalillo County Biennial Budget Plan for Fiscal Years 2007 and 2008. The FY07 initial budget projections presented to the Commission indicated the County would experience a deficit of \$11,468,541 in revenues required to meet its operating, debt service and reserve requirement obligations due to the incorporation of the budgetary requirements for operation of the Metropolitan Detention Center (MDC) on July 1, 2006.

This plan balances revenues and expenditures for each year of the biennium. Development of this plan was guided by the goals and priorities as established by the County Commission on May 11, 2004 and immediate County Commission priorities. Information within this budget is centered on two significant themes: approaching the budget with a two year outlook allowing the County to do long term planning and forecasting, and secondly; financial challenges due to the incorporation of the budgetary requirements for operation of MDC.

Current economic conditions and foresight by the Commission allow the County to continue to maintain core services and include funding for MDC, however, prudent long term fiscal planning dictates that we remain conservative, focus on the Board's highest priorities and fund only those items that the County can sustain financially. Operating budget requests for FY2007 and FY2008 are limited to base budgets for fiscal year 2006. Revenues and expenditures will continue to be monitored throughout fiscal year 2007 and any additional adjustments will be presented to the County Commission.

Balancing the budget resulted in the following:

- Foregoing of employee cost of living raises
- Implementation of a 6 month selective hiring freeze
- Reduction of term employee funding
- Reduction in fleet funding

In addition, the County strives to meet citizen requests for enhanced services and comply with State and Federal mandates, e.g., Treasurer, Assessor, Clerk, etc. while holding down costs.

Resulting from this effort is the inability to fund an additional \$14,140,617 of program funding requests.

The following items provide a summary of the Proposed FY07 and FY08 budget:

- On September 13, 2005 the Bernalillo County Commission approved the adoption of an ordinance to implement a 1/8% Correctional Facility Gross Receipts Tax countywide. With the presentation of this item Bernalillo County began planning for operating the MDC commencing July 2006.
- Management conducted department budget reviews March 13 through May 4, 2006. Within the biennium all department reflect a flat budget.
- The fiscal Year 2006 MDC operating budget totaling \$48,276,800 is funded 50/50 by the City of Albuquerque and the County. On July 1, 2006 the County will begin operations of MDC with revenue commitments of only \$12,500,000 from the City of Albuquerque. Additional estimated revenue of \$19,000,000 will be generated from the 1/8% Correctional Facility Gross Receipts Tax and \$1,060,000 from grant funds and miscellaneous revenue. The MDC and Health Services Unit operating budget is \$54,862,532, debt service requirement is \$6,606,543 and reserve requirement is \$13,715,633.

Fiscal Year 2007 – General Fund

The fiscal year 2007 budget proposal totaling \$183,287,207 presented to the Board includes base budgets (no increases from prior year operating budgets) for all departments, with the following exceptions:

- Mandatory adjustments to insurance premium increases in the amount of \$713,466, Worker's Compensation \$232,796, Unemployment Compensation \$206,640, \$10,913 in Union Allowance line item adjustments and \$500,000 for on-going contract adjustments
- Due to increases in the cost of fuel an increase in funding for car gas and oil in the amount of \$100,000 is included in the FY07 budget
- The phase in of 12 firefighters in the amount of \$400,000. Total firefighter position increase within the past 2 years, including the addition of 12 in FY07, is 60 full time equivalent positions.
- Funding for the General Election totaling \$3,023,300 is included in the FY07 budget. Original request was \$4,623,300. Funding request was reduced by \$1,600,000.
- Operating costs for full operation of the Metropolitan Detention Center (MDC) and the Health Services Unit totaling \$54,862,532 and additional staffing in administrative areas needed to assume operations of MDC. Total full time equivalent requirement for overhead support of MDC is 17 totaling \$1,096,942, which is included in the MDC operating budget.
- Transfer of programs that qualify will be funded from IRB PILT Fund BC92.

Fiscal Year 2008 – General Fund

- Projections for fiscal year 2008 include the following increases:
- \$500,000 for final phase in cost of 12 firefighter positions in FY07 and an additional phase in of 12 Fire Fighters in FY08
- 5% increased funding for the Metropolitan Detention Center and Health Services Unit operating costs
- Projected 10% increase in health insurance premiums
- The total planned FY08 budget totals \$185,452,534

DWI Fund Fiscal Year 2007 and 2008

The DWI BC90 will be established in a separate, self supporting fund. The new fund will contain all programs originally budgeted in the Grant Fund BC07, in addition to the new MATS program. 26 Full time equivalents will be hired in the MATS Program and 22 will be transferred into this fund from the MDC ATP Program. Total funding requirement in FY07 is \$4,559,875. The new fund will contain the following programs:

- MATS Program
- Safe Ride Donations Program
- Local DWI DFA Distribution Program-Administration
- Public Inebriate Detox and Treatment Program /ATP
- Local DWI Grant Program
- Traffic Safety Bureau DWI Program

The total planned FY08 budget for the DWI Fund \$4,971,795.

Assessor Valuation Plan Fiscal year 2007 and 2008

- Expenditures from the County Property Valuation Fund BC49 may be made pursuant to a property valuation program presented by the County Assessor and approved by the majority of the County Commissioners. Attachment 2.
- An Administrative Resolution will be prepared and presented to the County Commission with the final budget as a plan to provide for payment to the General Fund for the Valuation Fund's share of certain costs. The FY07 budget includes allocated costs of \$735,865 for the Valuation Fund's share of debt service and maintenance for the Assessor system, IT support, rent payments and City mainframe and software maintenance charges. This adjustment is based on an agreement between the Assessor and Management.
- The plan for FY08 provides allocated costs of \$735,865

Special Revenue Funds Fiscal Year 2007 and 2008

- Public Works Grant Fund BC03 new Legislative Grants totaling \$4,226,000 and estimated carry forward balance from existing grant funds in the amount of \$6,042,787
- Recreation Fund BC04 new budget totaling \$3,877. Funding in this program is used for recreational purposes and revenue is derived from the State Cigarette Tax Act.
- Environmental Services Gross Receipts Tax Fund BC06 – new fiscal year 2007 budget totaling \$2,567,495. Funding includes two term positions converted to permanent positions, Engineering Technician and Health Educator. Additional annual funding of \$7,500 is required. The FY08 planned budget is \$2,574,632.
- Grant Fund BC07 - New grants totaling \$8,519,046 and estimated balance forward from existing grant funds totaling \$25,924,667
- Fire District Fund BC11 – State Appropriation totaling \$937,343. Funding is provided by allotments from the New Mexico State Fire Marshall's Office.

- EMS Fund BC22 – State Appropriation totaling \$260,524. Funding is provided from the State of New Mexico Department of Health to be utilized for equipment, supplies, and training for emergency medical services program.
- ERDA Fund BC24 – remaining FY06 funds will be carried forward and new funding totaling \$71,275 will be budgeted in FY07.
- Community Services Fund BC29 – new budget totaling \$247,348. The Community Services Fund provides funding for social service programs.
- Farm and Range Fund BC30 – new budget totaling \$100
- Local Law Enforcement Block Grant Fund BC33– New Justice Assistance Grant from the Department of Justice totaling \$116,500 and estimated carry forward balance from existing grant funds totaling \$933,748.
- Clerk Recording & Filing Fund BC48 – new budget totaling \$410,081. The fees collected in this fund are restricted in that they can only be expended for rent, lease/purchase of equipment associated with the recording, filing, maintaining, or reproducing of documents in the Office of the County Clerk.
- Valuation Fund BC49 – new budget totaling \$4,677,176. The planned budget for FY08 is \$3,700,000. This department maintains current property records of all residential and non-residential properties and is responsible for the re-valuation of all properties in Bernalillo County.
- Law Enforcement Protection Fund BC52 – State Appropriation totaling \$177,600. This grant is restricted to equipment purchases and training programs to enhance law enforcement effectiveness.
- Indigent Fund BC61 – new budget totaling \$1,000,000. The Partners in Health (PIH) program provides primary medical and dental care for residents of the County who qualify as medically indigent. Funding is from the Bernalillo County Indigent Fund which receives \$1 million in revenue each year from a gross receipts tax established in 1988.
- Regional Correction Center Fund BC64 – FY07 budget totaling \$12,550,772. This fund was established to provide for the lease agreement between Bernalillo County and Cornell Companies, Incorporated.
- IRB PILT Fund BC92 – FY07 budget totaling \$1,131,865. Transfer of programs that qualify will be funded from IRB PILT Fund BC92. Funding is for specific purposes so as to ensure that specific community needs that are of concern to the Bernalillo County Commission are met.

The FY08 budget for the Life to Date Special Revenue Funds will be the remaining carry forward balance at June 30, 2007.

Internal Service Fund Fiscal Year 2007 and 2008

- The Internal Service Fund BC08 budget totaling \$4,319,573 pays for the annual premium to the Workers Compensation and Multi-line Pools for general insurance coverage. This fund maintains adequate insurance coverage, identifies risk and exposures, implements loss control and prevention programs and manages and administers claims against the County.
- The Internal Service Fund BC08 fiscal year 2008 budget is projected at \$4,732,863

Enterprise Funds Fiscal Year 2007 and 2008

- Solid Waste Fund BC10 – FY07 budget totaling \$4,855,097. This program provides solid waste collection, transfer and disposal, community cleanups, and recycling programs.
- Solid Waste Fund BC10 – FY08 budget totaling \$4,939,512
- Regional Juvenile Detention Center BC51 – FY07 budget totaling \$1,535,002. This program provides 24 hour juvenile detention services to Sandoval, Valencia, surrounding counties and tribal governments.
- Regional Juvenile Detention Center BC51- FY08 budget totaling \$1,600,221
- Housing Authority BC59 – FY07 budget \$13,290,090. The Housing Authority program provides Section 8 rental assistance, Family Self Sufficiency programs, owner occupied house rehab and affordable homeownership programs.
- Housing Authority BC59 – FY08 budget \$13,635,245

Capital Project Funds

- Capital projects approved in prior periods with remaining balances at June 30, 2006 will be carried over. Estimated carry forward in FY07 is \$123,194,007. The funds in capital projects carry forward each year until the project has been completed.
- Road Bond/Road Construction Fund new interest appropriation in FY07 totaling \$1,565,518 to be used for road construction.
- The Open Space Fund BC57 funding totaling \$2,390,784 is provided by a six year .25 property mill levy approved by voters on November 30, 2000.
- The remaining Life to Date balances on the Capital Project Funds at June 30, 2007, will be carried forward as the FY08 budget.

Agency Funds

- Court Services Agency Fund BC55 FY07 and FY08 budget totaling \$300,000 each year. This fund accounts for the receipts and disbursements related to process servers.

Debt Service Funds

- The total FY07 debt service requirement for General Obligation Bonds is \$8,552,669;
- The total debt service requirements for Gross Receipts Tax Revenue Bonds are \$15,003,461 including \$7,425,136 for MDC.
- Total funding in the Debt Service Reserve Funds is \$17,234,078.
- Comanche Griegos Special Assessment District FY07 and FY08 debt service payments totaling \$23,200 each year.

Budget Change Proposals

- \$14,471,150 in budget expansion requests from General Fund Departments was submitted. The following expansion items are recommended for funding utilizing \$250,533 plus \$62,633 in additional 3/12th reserve requirements for a total of \$313,167 of the \$692,697 of the excess of revenues over expenditures in the FY07 budget:

Conversion of temporary and term positions to permanent status is recommended. The work requirements of these positions are on-going commitments of effort and retaining the staff is important to the department mission, the required annual funding is \$30,354:

1. Probate Court Data Entry Clerk term position to permanent for the Probate Court Office. Additional annual conversion cost is \$9,960
2. Human Resources Programmer Analyst term position to permanent. No additional funding required.
3. Parks & Recreation Land Management Administrative Officer part time regular position to full time regular position. Additional annual conversion cost is \$8,552
4. Parks & Recreation Community Center Recreation Coordinator part time regular position to full time regular position. Additional annual conversion cost is \$3,609
5. Parks & Recreation Administrative Assistant Senior from part time regular to full time regular position. Additional annual conversion cost is \$8,233

Additional recommended expansion requests totaling \$300,179 offset by additional revenue of \$80,000 are as follows:

- North East Heights Acres Elementary School positions and operating costs. Projected operating costs are \$94,179 and the program is projecting revenues of \$80,000 for a net cost of \$14,179. The County entered into an agreement with APS and contributed \$475,000 towards the construction of this facility. Funding would provide Before and After School and Summer Recreation Programs at the school.
- Sheriff's Department contracts: \$60,000 for Cold Case and \$60,000 for Psychiatric Services. In addition \$60,000 is requested for a term social worker and \$26,000 for a pilot communications program for criminal investigations. Funding the pilot program is expected to result in reduced computer replacement costs. Total cost is \$206,000.

The final steps in the process, according to guidelines established by DFA's Local Government Division, are to approve the budget by resolution, adjust the budget and set the mill levy. The final budget will be presented to the Board of County Commissioners in June and the adjustment will take place in September and will incorporate carryovers, any modifications resulting from the County's June 30, 2006 fiscal account closing, and adjustments recommended by DFA.

DFA will provide its recommended changes and the mill levy computation after receiving the Certificate of Valuation from the County Assessor. The Certificate of Valuation is due to DFA on June 30, 2006. DFA's comments and recommendations will be incorporated into the adjusted budget resolutions for fiscal years 2007 and 2008, and this resolution will be presented to the Board in September.

ATTACHMENTS:

1. Proposed Budget Book
2. Assessor's Program Plan

FISCAL IMPACT

The FY2007 and FY2008 biennial budget presented for the Board's consideration complies with Bernalillo County's constitutional responsibilities and other budget requirements.

STAFF ANALYSIS SUMMARY

COUNTY MANAGER

See Summary

LEGAL

The attachments were not provided for review. As for the agenda item the statements included herein as to Department of Finance and Administration regulations accurately reflect the legal requirements with respect to the adoption of the budget. JSL 5/22/06

FINANCE

See Summary